



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVE SE
WASHINGTON NAVY YARD DC 20376-0001

IN REPLY TO

J&A Number: 53,127
Code: 0253
N00024-08-NR-43356

JUSTIFICATION AND APPROVAL FOR USE OF OTHER THAN FULL AND OPEN COMPETITION

JUSTIFICATION

1. Contracting Activity

The Naval Sea Systems Command, Surface Systems Contract Division (SEA 025).

2. Description of the Action being Approved

Award of a contract to Raytheon Missile Systems (RMS) of Tucson, AZ without providing for full and open competition for the FY10 STANDARD Missile-2 (SM-2) production requirements.

3. Description of Supplies /Services

The planned contract will provide for the FY10 requirements of the SM-2 program (or other quantities as may be authorized and appropriated by Congress or by individual Foreign Military Sales cases). These requirements consist of SM-2 BLOCK IIIB missiles, SM-2 BLOCK IIIB Ordnance Alteration (ORDALT) kits, Service Life Extension Program (SLEP) for SM-2 BLOCK II/III hardware, SM-2 BLOCK IIIB spare sections, Telemeters / installation kits, replenishment spares, production test equipment (as required), and Foreign Military Sales (FMS) options for SM-2 BLOCK IIIA/IIIB missiles, spare sections, and shipping containers. As with the FY04 through FY09 procurements, the FY10 procurement will be met by procuring the missiles as All-Up-Rounds (AURs), which include the major components (safe and arming device, warhead, rocket motor, fuze booster, and Target Detection Device (TDD)) required for the AUR missile configuration. All SM-2 Block IIIB AUR configurations will be built to include the MK-45 MOD 14 TDD.

The estimated quantities of equipment to be procured during FY10 are provided in the table below.

<u>Equipment</u>	<u>FY10</u>
SM-2 BLOCK IIIB AUR	34
BLOCK IIIB ORDALT/SLEP	108
Telemeters	50
BLOCK IIIA/IIIB FMS	92

Additionally, FY10 will include a level-of-effort (LOE), Technical Instruction (TI) driven requirement for 50,000 hours of engineering services in support of Design Agent efforts. The FY10 procurement will be a priced option on the FY09 SM-2 Production Contract.

Hardware deliveries for this fiscal year's requirements will commence January 2012. For example, based on a January 2010 award, hardware procured in FY10 will commence delivery no later than January 2012 and delivery will be completed no later than December 2012. The period of performance for the engineering technical service will coincide with the length of that fiscal year's production contract.

The government's minimum needs have been verified by the certifying technical and requirements personnel.

Acquisition Plan Number PEO IWS 165-87 Rev K (07) incorporates this effort. The total estimated value of this J&A is \$284.3M. It is anticipated that the requirements will be funded as follows:

Estimated Dollar Value (Millions)

	<u>FY10</u>
WP&N	\$141.3M
O&MN	\$11.5M
FMS	\$131.5M
Totals	\$284.3M

4. Statutory Authority Permitting Other Than Full and Open Competition

10 U.S.C. 2304 (c) (1). Only one responsible source and no other supplies or services will satisfy agency requirements.

5. Rational Justifying Use of Cited Statutory Authority

In accordance with FAR 6.302-1(a) (2), full and open competition need not be provided for when the supplies or services required by the agency are available from only one, or a limited number of, responsible sources and no other type of supply or service will satisfy agency requirements.

Previously, Hughes Missile Systems Company and Raytheon Company were the only qualified sources for production and development of the STANDARD Missile. In 1995, Hughes and Raytheon merged the STANDARD Missile portions of their businesses and created a new company, the STANDARD Missile Company (SMCo), to serve as the prime contractor for a future STANDARD Missile requirements. In 1997, Raytheon purchased Hughes Missile Systems Company. As a result, Raytheon is now the sole

capable and qualified source to produce the STANDARD Missile. Raytheon is the only company that has at its disposal all the requisite design, production, and support capabilities to meet all of the Navy's requirements for STANDARD Missile. All engineering expertise required to produce the STANDARD Missile resides within RMS.

These procurements are follow-on procurements as described in FAR 6.302 (a) (2) (ii) and (iii). RMS currently has a sole source contract for the FY07 SM-2 AUR requirements (N00024-06-C-5350). The Program Executive Office for Integrated Warfare Systems (PEO IWS) Major Program Manager Surface Ship Weapons (3.0) estimates that to qualify another producer would, at a minimum, require four years and cost approximately \$200M. This estimate was derived based on historical information of start-up costs for Raytheon when they became the second source (in addition to Hughes Missile Systems Company) for the STANDARD Missile. Consideration was given to the fact that a new source would require additional time for drawing, facility set-up, and to advance their workforce to the same level of familiarization with the STANDARD Missile Program and its production/manufacturing processes. Therefore, any effort to qualify a second source would be duplicative in nature and competing these efforts would interrupt the program schedule and cause a significant impact to delivery schedules.

4. Description of Efforts made to Solicit Offers from as Many Offerors as Practicable

These requirements were synopsisized via posting on the Federal Business Opportunities (FedBizOpps) and Navy Electronic Commerce Online websites on www.fbo.gov on 10 October 2008 in accordance with FAR 5.2. To date, no responses have been received. If any responses are received, they will be evaluated. No additional market research was conducted because it is not practicable, for the reasons discussed in paragraph 5 above, for any company other than Raytheon to provide the required supplies and services.

5. Determination of Fair and Reasonable Costs

The Contracting Officer has determined that the anticipated cost to the Government for the supplies/services covered by the J&A will be fair and reasonable.

6. Actions to Remove Barriers to Competition

For the reasons set forth in paragraph 5 above, the Naval Sea Systems Command has no plans at this time to compete future contracts for the types of supplies/services covered by this document. If another potential source emerges, the Naval Sea Systems Command will assess whether competition for future procurement is feasible.

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TECHNICAL/REQUIREMENTS CERTIFICATION (FAR 6.303-2(b))

I certify that the facts and representations under my cognizance, which are included in this justification and its supporting data, including Acquisition Plan No.165-87 Rev K (07), except as noted herein, are complete and accurate to the best of my knowledge and belief.

TECHNICAL COGNIZANCE:

[Redacted Signature Block]

Signature Name (Print) and Title (Code) Phone No. Date

REQUIREMENTS COGNIZANCE:

[Redacted Signature Block]

Signature Name (Print) and Title (Code) Phone No. Date

LEGAL SUFFICIENCY REVIEW (NMCAG 5206.303(90))

I have determined this justification is legally sufficient.

[Redacted Signature Block]

Signature Name (Print) and Title (Code) Phone No. Date

CONTRACTING OFFICER CERTIFICATION (FAR 6.303-2(a) (12)):

I certify that this justification is accurate and complete to the best of my knowledge and belief.

[Redacted Signature Block]

Signature Name (Print) and Title (Code) Phone No. Date

APPROVAL BLOCK (FAR 6.304 for Approving Official)

Upon the basis of the above justification, I hereby approve, as Senior Procurement Executive of the Navy, the solicitation of the proposed procurement(s) described herein using other than full and open competition, pursuant to the authority of 10 U.S.C. 2304(c) (1).

ASSISTANT SECRETARY OF THE NAVY (RDA)

[Redacted Signature]

S. Stackley 9/10/2009

Signature

Name (Print)

Date